

Message Text

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ACTION EUR-12

INFO OCT-01 EA-12 ISO-00 CIAE-00 DODE-00 NSAE-00
NSCE-00 SSO-00 ICAE-00 INRE-00 AID-05 CEA-01
COME-00 EB-08 FRB-01 INR-10 IO-14 NEA-10 OPIC-06
SP-02 TRSE-00 LAB-04 SIL-01 AGRE-00 OMB-01 SS-15
XMB-04 SOE-02 DOE-15 H-02 INT-05 L-03 PM-05
OES-09 STR-07 ACDA-12 NRC-07 DOEE-00 /174 W
-----097898 191810Z /46

O 191659Z JUL 78
FM AMEMBASSY BONN
TO SECSTATE WASHDC IMMEDIATE 0416
INFO AMEMBASSY BRUSSELS IMMEDIATE
AMEMBASSY LONDON IMMEDIATE
AMEMBASSY OTTAWA IMMEDIATE
AMEMBASSY PARIS IMMEDIATE
AMEMBASSY ROME IMMEDIATE
AMEMBASSY TOKYO IMMEDIATE

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DEPARTMENT PLEASE PASS WHITE HOUSE FOR AMBASSADOR OWEN

BRUSSELS ALSO FOR USEEC

PARIS ALSO FOR USOECD

E.O. 11652: N/A
TAGS: ECON, EFIN, WG
SUBJECT: GERMAN MEDIA REACTION TO BONN ECONOMIC
SUMMIT

1. SUMMARY. GERMAN PRESS REACTION TO SUMMIT HAS BEEN
GENERALLY POSITIVE. CAREFUL LEAD-UP TO SUMMIT BY
LEADING GOVERNMENT FIGURES WHO SAID IN EFFECT: "DO
NOT EXPECT MIRACLES TO BE PERFORMED AT THE ECONOMIC
SUMMIT" SET THE STAGE FOR A REALISTIC AND PRAGMATIC
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POST-SUMMIT ASSESSMENT. GERMAN PUBLIC AND PRESS ARE
WELL AWARE THAT THE ECONOMIC PROBLEMS DEALT WITH AT
THE SUMMIT ARE COMPLEX, LONG-TERM IN NATURE, AND NOT
AMENABLE TO IMMEDIATE SOLUTIONS. IN THIS LIGHT, THE
PRESS HAS GENERALLY REACTED POSITIVELY TOWARD THE
MEETING AND SEE THE FINAL DECLARATION AS A HOPEFUL
STEP FORWARD. END SUMMARY.

2. FOLLOWING ARE EXCERPTS FROM BONN ICA DAILY PRESS
REVIEW: BEGIN QUOTE: THE ECONOMIC SUMMIT IN BONN.
FRANKFURTER ALLGEMEINE (INDEP; GUENTHER GILLESSEN):
IN AGREEMENT WITH MOST PARTICIPANTS, THE BONN
CONFERENCE OF SEVEN LEADING WESTERN COUNTRIES HAS
ENDED WITH COMMITMENTS FOR EVERY SINGLE NATION: MORE
ECONOMIC GROWTH IN ALL COUNTRIES, INCLUDING THE FRG;
LESS OIL CONSUMPTION, PARTICULARLY IN THE U.S.; A MORE
ENERGETIC FIGHT AGAINST INFLATION IN MOST COUNTRIES.
MANY OF THESE PLEDGES WERE COMBINED WITH A COMMITMENT TO
FIGURES, BUT NOT ALWAYS TO SUCH FIRM FIGURES AS SOME
PARTICIPANTS DESIRED. WIDELY IN AGREEMENT WITH EXPERT
OPINION IN THE FRG, THE CHANCELLOR DOES NOT THINK MUCH OF
ECONOMIC TARGET PLANNING. HE IS AWARE THAT ECONOMIES
CANNOT BE MANAGED WITH ABSOLUTE PRECISION, AND THAT
THEREFORE DISAPPOINTMENT IS MORE LIKELY THAN SUCCESS.
SCHMIDT WANTED THIS CONFERENCE TO RESTRICT ITSELF TO
SETTING GUIDELINES FOR THE DEVELOPMENT OF THE INDIVIDUAL
ECONOMIES RATHER THAN AGREE ON TARGETS AND ACTION PRO-
GRAMS. HE WANTS THE INDIVIDUAL ECONOMIES TO HELP IMPROVE
THE OVERALL SITUATION. THIS LINE HAS LARGELY PREVAILED,
LAST BUT NOT LEAST BECAUSE THE U.S. PRESIDENT STILL DOES
NOT KNOW WHETHER THE CONGRESS WILL ACCEPT HIS ENERGY
PLANS. THIS DEPENDENCE ON DOMESTIC CONDITIONS ALSO
MARKED THE OTHER DEBATES AT THE SUMMIT... THE SEVEN
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CHIEFS OF STATE AND GOVERNMENT HAVE FAILED TO SOLVE ANY
OF THE CONFLICTS WITH WHICH THEY CAME TO BONN. HOWEVER,
THEY CUT DOWN ISSUES AND DAMPENED THEIR NEGATIVE POLITI-
CAL EFFECTS. ALL OF THEM HAVE IMPROVED MUTUAL RAPPORT
AND HAVE DEVELOPED A LITTLE MORE UNDERSTANDING FOR THEIR
MUTUAL PROBLEMS. THEY ARE AWARE THAT THEIR FAILURE TO
FIND A SIMPLE OVERALL RECIPE IS NOT TRACEABLE TO LACK
OF INTELLIGENCE OR GOOD WILL. THE POSITIVE RESULT OF THE
BONN SUMMIT -- A RESULT THAT, EVEN THOUGH DIFFICULT TO
MEASURE, IS NOT NEGLIGIBLE -- IS THE REVIVAL OF A COMMON
WILL AND RENEWED AWARENESS OF ALL SEVEN PARTNERS THAT
THEY DEPEND ON EACH OTHER FOR THEIR ECONOMIC WELL-BEING.
THIS ALSO APPLIES TO THE PERSONAL RELATIONSHIP BETWEEN
THE CHANCELLOR AND THE U.S. PRESIDENT.

DIE WELT (BONN, RIGHT-CENTER; PETER GILLIES): ...NOW
THE SEVEN WILL DESCEND FROM THE SUMMIT TO THE LOWLANDS
OF DOMESTIC POLITICS WITH MESSAGES THAT ARE SUPPOSED
TO SOUND CHEERFUL, BUT WILL PROVE DIFFICULT TO IMPLEMENT
...THE THERAPY OUTLINED AT THE SUMMIT IS SUPPOSED TO
BE WELL AIMED AND DOSED AS WELL AS CAREFULLY COMPOSED.
THE GRATIFYING PASSAGES ON THE MARKET ECONOMY

AND FREE TRADE BEAR THE HAND OF THE CHANCELLOR. BUT
CONTRARY TO HIS INTENTION HE WAS COMPELLED TO GIVE A
PRECISE FIGURE FOR THE INJECTION DESIGNED TO
STIMULATE THE GERMAN ECONOMY -- ONE PERCENT OF THE GNP,

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O 191659Z JUL 78

FM AMEMBASSY BONN

TO SECSTATE WASHDC IMMEDIATE 0417

INFO AMEMBASSY BRUSSELS IMMEDIATE

AMEMBASSY LONDON IMMEDIATE

AMEMBASSY OTTAWA IMMEDIATE

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AMEMBASSY ROME IMMEDIATE

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THAT IS, ALMOST L3 BILLION DEUTSCHMARKS. AT FIRST
GLANCE THIS APPEARS A STAGGERING CONCESSION. IN
REALITY, IT WAS PLANNED MONTHS AGO. THIS MORE OR
LESS ALSO APPLIES TO THE PARTNERS. PRESIDENT CARTER'S
'CONCESSION' DOES NOT HURT HIM, AND EVEN JAPAN'S SEVEN-
PERCENT ECONOMIC GROWTH RATE WAS PLANNED. NEVER-
THELESS, THESE ARRANGEMENTS ARE NOT NONSENSICAL. THEY
REPRESENT THE ONLY REASONABLE AND LONG-TERM GLOBAL
ECONOMIC STRATEGY -- A STRATEGY THAT, HOWEVER, MUST
BEGIN AT HOME RATHER THAN AT THE SUMMIT...WAS THE
BONN SUMMIT USEFUL? IT CERTAINLY WAS NOT USELESS.
THE RECIPES HAVE BEEN WRITTEN, AND THE COOKS NOW CAN
TRY THEIR LUCK. HAVING BECOME MODEST, WE HOPE THAT THE

'SPIRIT OF BONN' WILL PRODUCE AN EFFECT. END QUOTE.

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3. JULY L9, HANDELSBLATT (BUSINESS DAILY) EDITORIAL (EMBASSY TRANSLATION). THE CHEERS WILL FADE AWAY. EVEN BEFORE THE SPOTLIGHTS IN WHICH THE HEADS OF STATE AND GOVERNMENT OF THE SEVEN STRONGEST INDUSTRIAL NATIONS PLEASANTLY SUNNED THEMSELVES WERE EXTINGUISHED, THE UNDIMINISHED ARGUMENTS HAVE BEGUN AGAIN OVER THE MEASURES THE FEDERAL REPUBLIC PROPOSES TO TAKE TO MAKE GOOD ITS COMMITMENTS MADE AT THE SUMMIT. THE SCENE TAKING PLACE IN BONN IS REPRESENTATIVE. FOR AMERICA'S PRESIDENT JIMMY CARTER AND FOR JAPAN'S PREMIER FUKUDA THE SAME SCENE WILL TAKE PLACE WHEN THEY GET HOME FROM THE BONN SUMMIT. THE CONFERENCE DECLARATION WILL HAVE TO BE PAINFULLY TRANSFORMED INTO CONCRETE ACTIONS AIMED AT OVERCOMING THE WORLD'S ECONOMIC PROBLEMS. NEVERTHELESS, THE BONN MEETING MUST BE BASICALLY JUDGED A SUCCESS. FOR THE FIRST TIME THE PARTICIPANTS HAVE TRIED, MORE CONCRETELY THAN AT PAST CONFERENCES IN RAMBOUILLET, PUERTO RICO AND LONDON, TO BRIDGE THE LIMITS SET BY DOMESTIC POLITICAL CONDITIONS IN THEIR OWN COUNTRIES.

THIS IS A COURAGEOUS STEP. AT THE SAME TIME IT INCURS THE RISK OF FAILURE.

IF SUMMIT MEETINGS ARE CAPABLE AT ALL OF GIVING SIGNALS OF CONFIDENCE TO THE WORLD ECONOMY, THE UTMOST THAT COULD HAVE BEEN DONE, REALISTICALLY, WAS DONE HERE IN THE FEDERAL CAPITAL. SHOULD THE PLANS AGREED ON FOR

ACTION IN THE INDIVIDUAL CAPITALS GO AWRY, HOWEVER, THE SEVEN WILL HAVE TO ACCEPT A HEAVY BURDEN WHEN THEY

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MEET AGAIN NEXT YEAR, PROVIDED SUCH A MEETING EVEN TAKES PLACE. THE ATTEMPT, TO FORMULATE THE OBJECTIVES MORE CONCRETELY FOR THE FIRST TIME WILL HAVE FAILED AND CONFIDENCE IN SUMMIT MEETINGS WILL BE SHATTERED.

THE SUCCESS WHICH MUST GENERALLY BE ACCORDED TO THE ECONOMIC TALKS ALONG THE RHINE IN ASSESSING THE

OUTCOME MUST NOT BE COMPLETELY REGARDED AS A PLUS
ON BONN'S ACCOUNT BOOK. AS ALWAYS AT SUMMIT
CONFERENCES, THE QUESTION OF WHO WON AND WHO LOST IN
THE EXCHANGE OF CONCESSIONS IS RAISED. CHANCELLOR
SCHMIDT WITH HIS RIGOROUS CONFERENCE STRATEGY OF
CENTRALLY ISSUED INFORMATION AND PRE-CONFERENCE
UNDERSTATEMENT SIMILAR TO THE PROCEDURE USED FOLLOWING
THE BREMEN CONFERENCE, HAS FOR THE SECOND TIME
ACHIEVED A SURPRISINGLY POSITIVE RESULT.

IN FACT, IT APPEARS, HOWEVER, THAT PRESIDENT CARTER

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FM AMEMBASSY BONN

TO SECSTATE WASHDC IMMEDIATE 0418

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HAS BEEN MORE SUCCESSFUL IN AVOIDING QUANTITATIVE
COMMITMENTS. HIS AGREEMENT TO ACHIEVE A REDUCTION
OF 2 MILLION BARRELS OF OIL PER DAY BY 1985 IS NOT
NEW AND WOULD REFLECT THE IMPLEMENTATION OF THAT PART
OF HIS ENERGY PROGRAM WHICH HAS ALREADY RECEIVED THE
CONGRESSIONAL GREEN LIGHT. OF GREATER IMPORTANCE

IS TO SEE IF CARTER SUCCEEDS IN GETTING DOMESTIC OIL
PRICES UP TO THE WORLD MARKET LEVEL BY 1980. FOR
THIS, THAT PART OF HIS LEGISLATIVE PROPOSAL NOT YET
APPROVED BY THE CONGRESS, IS NEEDED...WHAT THE SEVEN
HAVE NOT FOUND SATISFACTORY IS THE MTN PRO-
GRESS IN GATT. THERE IS A LOT OF DYNAMITE LYING
DANGEROUSLY AROUND IN THIS AREA. THE RELATIONSHIP
TO THE UNDERDEVELOPED WORLD TOOK A BACK SEAT AT THIS
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CONFERENCE. THIS MAY BE UNFORTUNATE, BUT THE
NORTH-SOUTH DIALOGUE IS NOW STAGNANT AND HAS BEEN
REPLACED BY THE "BIGGIES" OWN GROWTH AND EMPLOYMENT
PROBLEMS IN FIRST PLACE.

THAT THE EXCHANGE OF VIEWS BETWEEN THE WESTERN
INDUSTRIAL COUNTRIES AND JAPAN, DESPITE ALL THEIR
DOMESTIC BARRIERS, IS NOT FUTILE IS PERHAPS BEST SEEN
IN THE AGREEMENT THAT WAS ACHIEVED OUTSIDE THE MAIN
ECONOMIC DISCUSSION. THE SURPRISING DECLARATION
OF SOLIDARITY ON A POLICY TOWARD PLANE HIJACKING
CONSTITUTES AN IMPORTANT STEP FORWARD IN THE FIGHT
AGAINST TERRORISM. THE ECONOMIC RESULTS OF THE
SUMMIT CANNOT BE ASSESSED MUCH BEFORE A YEAR'S TIME.
NEVERTHELESS, THE BONN MEETING HAS, FOR THE TIME
BEING, FULFILLED ITS OBJECTIVE.
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